DEPARTMENT OF ENVIRONMENT AND RESOURCE MANAGEMENT

COMMERCIAL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 1996

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Commercial Revolving Fund as at March 31, 1996 and the statements of operations and accumulated operating deficit, and financing activities and accumulated net expenditure for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

W.K. Strelioff

Regina, Saskatchewan
October 22, 1996

W. K. Strelioff, CA
Provincial Auditor

COMMERCIAL REVOLVING FUND
BALANCE SHEET
As at March 31

	1996	1995
ASSETS		
Current:		
Accounts receivable	$ 109,811	$ 276,963
Inventories	174,401	144,183
	284,212	421,146
Capital assets (Note 5)	821,209	1,008,255
	$ 1,105,421	$ 1,429,401
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	$ 240,727	$ 109,895
Unearned revenue (Note 6)	186,837	8,962
	427,564	118,857
Fund equity:		
Accumulated net expenditure (Statement 3)	1,005,327	1,408,965
Accumulated operating deficit (Statement 2)	(327,470)	(98,421)
	677,857	1,310,544
	$ 1,105,421	$ 1,429,401

(See accompanying notes)

COMMERCIAL REVOLVING FUND
STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING DEFICIT
For the Year Ended March 31

	Budgeted 1996 (Note 8)	Actual 1996	Actual 1995
Revenue:			
Campground	$ 1,841,574	$ 2,524,506	$ 2,394,595
Cottage lots/permits	1,029,680	1,454,896	1,470,868
Park entry	991,598	1,145,960	1,116,590
Surface leases	179,401	384,094	378,451
Commercial leases	392,022	379,486	408,714
Accommodation	311,212	239,941	236,019
Other revenue	1,579,521	241,947	283,582
Hay & grazing fees	146,818	146,065	161,453
Swimming pool fees	83,782	139,934	151,660
	6,555,608	6,656,829	6,601,932
Expenses:			
Wages	7,021,692	6,389,101	6,457,419
Material, supplies & freight	364,898	806,876	850,910
Repairs & maintenance	297,017	587,459	639,478
Utilities	449,756	566,918	451,440
Vehicle rentals	487,964	539,184	535,462
Amortization	360,000	349,837	381,710
Other expenses	361,829	356,287	264,528
Postage & communications	117,361	187,880	173,430
Equipment rentals	85,818	178,308	176,165
Publicity & advertising	146,557	155,146	160,784
Travel & sustenance	94,716	107,882	119,813
	9,787,608	10,224,878	10,211,139
Loss from operations	(3,232,000)	(3,568,049)	(3,609,207)
Subsidy from General Revenue Fund	3,232,000	3,339,000	8,184,000
Net income/(loss)	$ —	(229,049)	4,574,793
Accumulated operating deficit, beginning of year		(98,421)	(4,673,214)
Accumulated operating deficit, end of year - to Statement 1		$ (327,470)	$ (98,421)

(See accompanying notes)

COMMERCIAL REVOLVING FUND
STATEMENT OF FINANCING ACTIVITIES AND ACCUMULATED NET EXPENDITURE
For the Year Ended March 31

	1996	1995
Financing requirements of the Revolving Fund:		
Net capital acquisitions:		
Purchase of capital assets	$ 164,043	$ 231,760
Proceeds from sale of capital assets	(2,642)	(4,428)
	161,401	227,332
Working capital changes:		
(Decrease) in accounts receivable	(167,152)	(48,091)
Increase in inventories	30,218	14,006
(Increase) in accounts payable	(130,832)	(4,756)
(Increase)/decrease in unearned revenue	(177,875)	131,055
	(445,641)	92,214
Total financing requirements	(284,240)	319,546
Less amount financed by operations:		
Net income/(loss)	(229,049)	4,574,793
Items not affecting working capital		
- amortization	349,837	381,710
- (gain)/loss on disposal of capital assets	(1,390)	525
	119,398	4,957,028
Net expenditure/(recovery)	(403,638)	(4,637,482)
Accumulated net expenditure, beginning of year	1,408,965	6,046,447
Accumulated net expenditure, end of year - to Statement 1	$ 1,005,327	$ 1,408,965

(See accompanying notes)

COMMERCIAL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 1996

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 18 of *The Natural Resources Act*. The purpose of the Revolving Fund is to conduct commercial activity required for the promotion, development and management of provincial parks.

2. Significant Accounting Policies

The financial statements are prepared using generally accepted accounting principles. The following accounting policies are considered significant.

a) Net Expenditure/(Recovery)

The net expenditure/(recovery) is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure

The accumulated net expenditure of the Revolving Fund includes the following:

i) the net expenditure/(recovery) for each fiscal year; and

ii) the lower of net book value or fair market value of assets acquired at no charge from another government agency

c) Inventories

Inventories are valued at the lower of cost and net realizable value.

d) Capital Assets

Amortization is calculated on the straight line basis. Annual rates are from 15% to 25% for equipment and 10% for furnishings.

3. Authorized Financing

Section 18(10) of *The Natural Resources Act* provides for a maximum amount of accumulated net expenditure which may at any time be outstanding to be set by order of the Lieutenant Governor in Council. A maximum amount of $4,000,000 was established by Order in Council 516/94.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with Section 18(4) of *The Natural Resources Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated surplus/deficit for the Revolving Fund shall be $350,000 (1994 - $4,500,000). Treasury Board has also specified that if at the end of a fiscal year the accumulated surplus/deficit exceeds the maximum, then any surplus/deficit in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to/from the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it must be recovered from the General Revenue Fund (Department of Environment and Resource Management's appropriation) in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	1996			1995
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	$ 5,387,408	$ 4,627,008	$ 760,400	$ 939,435
Furniture and fixtures	321,613	260,804	60,809	68,820
Total Capital Assets	$ 5,709,021	$ 4,887,812	$ 821,209	$1,008,255

6. Unearned Revenue

Unearned revenue includes monies received in advance for leases involving park land. Revenue for leases is recognized in the year to which the leases relate.

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the corporation is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions, and amounts outstanding at year end, are as follows.

Category	1996
Vehicle rental expense	$ 539,184
Utilities expense	552,766
Other expenses	183,669
Equipment rental expenses	127,162
Postage & communications expense	128,891
Accounts payable	118,739
Accounts receivable	15,892

In addition, the Revolving Fund pays Saskatchewan Education and Health tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

The Department of Environment and Resource Management is responsible for the acquisition of provincial park land. Therefore, park land is not reflected in these financial statements. However, in accordance with the *Natural Resources Act* the Revolving Fund is credited with all rents and fees with respect to park land.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing and certain administrative costs. These costs have been absorbed by the various departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

8. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

9. Amount Reported in Public Accounts

The net expense/recovery of the Revolving Fund reported in Public Accounts is the net income of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	1996	1995
Net income/(loss)	$ (229,049)	$ 4,574,793
(Increase) in inventory	(30,218)	(14,006)
Decrease in net capital assets	187,046	154,903
Amounts not included in Public Accounts due to timing	(120,176)	174,838
Net (expense)/recovery reported in Public Accounts	$ (192,397)	$ 4,890,528

10. Comparative Information

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.